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Report Highlights: Last year's smaller crop has decreased the availability of the "saved" planting seeds used by most farmers in Russia, especially for wheat, and is expected to affect negatively grain output this season. In contrast, seed imports, particularly for corn, malting barley, soybeans, and sugar beets, may expand as processing companies seek to support their increased investments in the industry by developing a stable supply of quality planting seeds. Imports of various vegetables and horticultural crop planting seeds are forecast to grow along with increased domestic income.

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Executive Summary

Grain seed consumption remains the most important component of overall seed consumption. However, the market for grain seeds is one of the least developed sectors because most utilized seeds are "common" seeds or seeds that are kept from the previous year. In 2004, grain seed supply will be worse than the last two years and in some regions, even common seeds will be in short supply. The general attitude towards grain seed has not yet changed although last year in some areas in the Northern Caucasus and Volga Valley farmers turned toward sowing better seeds on some smaller areas.

Beer production is rapidly developing and two years ago beer companies started investing in better quality seeds to improve the domestic malting barley supply. The supply and quality of sunflowerseeds and sugar beet seeds continue to improve due to increasing investments from processing companies in crop production. Increasing domestic incomes led to an increase in trade of more diverse varieties of orchard vegetables and flowers.

No changes happened in the legal framework of seed breeding, seeds certification, or seed trade practices. The Law on technical regulations adopted at the end of 2002 was aimed at facilitating licensing and certification procedures in all spheres of the economy. However, despite Russia's intent to improve the legal framework for certification and standardization of all products, including seeds, nothing has changed in the seeds business and trade.

Production

The grain industry is by far the largest share of the plant production industry and grain seeds by volume constitute the main share of the planting seeds sector. The overwhelming majority of grain seeds are common seeds i.e. farmers save the best seeds from each crop and use them again the next year. However due to last year's significantly smaller crop, the grain seed supply will be marginal at best in many regions and this will likely have a negative effect on the 2004 crop.

Farm profits increased due to last year's higher grain prices, which will increase the demand for better quality seeds and may provide some added incentive for increased investments in production of elite seeds at specialized farms and seed breeding stations. Trends in seed quality improvement generally take the form of providing stability of production at variable weather conditions (drought resistance) or development of disease and pest resistance, rather than yield increase.

Grain Crop Yields

Grain yields remain a factor of weather and yields in 2003 were lower than average throughout nearly all of the country. Winterkill had the largest affect in major producing and exporting regions (southern Russia) where farmers more than anywhere else invested in improvement of their seed supply and agronomy practices. Yields decreased in Krasnodar Kray by 29 percent, in Rostov oblast by 35 percent, and in Stavropol Kray by 34 percent.

Table 1. Grain Crop Yields by Regions: Production in Metric Tons per 1 Hectare of Sown Area

	1997	1998	1999	2000	2001	2002	2003
Russia, total	1.65	0.94	1.17	1.44	1.80	1.80	1.58
Central Federal District	1.73	1.27	1.08	1.56	1.91	2.06	1.90
N.-W. Federal District	1.21	0.95	0.73	1.30	1.37	1.21	1.35

Southern Federal District	1.92	1.34	1.88	2.08	2.54	2.70	1.93
- Krasnodar Kray	3.08	2.41	3.37	3.45	3.79	4.09	2.89
- Stavropol Kray	2.01	1.92	1.89	2.10	2.56	3.14	2.07
- Rostov oblast	1.54	1.21	1.43	1.63	2.27	2.34	1.51
- Volgograd oblast	1.42	0.45	0.66	1.17	1.64	1.56	1.45
Volga Valley Federal District	1.88	0.62	1.04	1.26	1.59	1.59	1.60
- Bashkortostan Republic	1.99	0.66	1.32	1.27	1.58	1.86	2.32
- Tatarstan Republic	3.51	1.15	1.62	2.13	3.23	3.19	3.15
- Orenburg oblast	1.37	0.33	0.99	1.00	0.99	1.01	0.95
- Samara oblast	1.86	0.45	1.11	1.25	1.56	1.50	1.42
- Saratov oblast	1.85	0.39	0.86	1.11	1.25	1.42	1.42
Ural Federal District	1.64	0.77	1.39	1.09	1.49	1.27	1.40
Siberian Federal District	1.05	0.96	0.90	1.26	1.56	1.31	1.13
- Altay Kray	0.58	0.89	0.73	1.29	1.31	1.28	0.95
- Krasnoyarsk Kray	1.80	1.39	1.24	1.61	1.91	1.62	1.81
- Novosibirsk oblast	1.26	0.95	0.99	1.53	1.88	1.41	1.05
- Omsk oblast	1.18	0.76	0.90	0.97	1.99	1.34	1.26
Far-Eastern Federal District	0.92	0.94	0.75	0.64	0.86	1.31	0.86

Note: Sown area – data on spring estimates of winter and spring sown area (includes re-sown area).

Source: State Statistical Committee of the Russian Federation

Seed Supply: Production and Trade by Commodities

There is no official data on planting seed production, availability, and distribution, so Post uses data from non-official sources combined with State Customs trade data. Post forecasts the grain seed supply will be worse this year due to the low crop in 2003 and the country's dependency on common seeds. At the same time, the supply of malting barley, sunflowers, and sugar beet seeds have improved due to investments by processing companies (beer, sugar and vegetable oil producers), which are interested in ensuring a guaranteed supply of raw materials. The supply of seed potatoes is stable (in quantity) and is provided by small plots (over 85 percent of total potato output). However, the quality of potatoes is declining because farmers do not have the money to buy certified seeds. The supply of vegetable seeds is improving and range of vegetables grown on small private farms is also increasing. Use of certified vegetable seeds are growing. The table below gives official data on the yields of different crops in metric tons per harvested hectare.

Table 2. Yields by Selected Crop, Metric Tons per 1 Harvested Hectare

Crop	1991-1995 (avg.)	1996-2000 (avg.)	1997	1998	1999	2000	2001	2002	2003
Wheat	1.61	1.59	1.84	1.35	1.57	1.61	2.06	2.07	1.71
Rye	1.56	1.50	1.92	1.02	1.47	1.58	1.88	1.90	1.86
Barley	1.55	1.55	1.76	1.38	1.43	1.67	2.01	1.97	1.96
Oats	1.24	1.36	1.61	1.18	1.13	1.47	1.71	1.56	1.68
Corn	2.52	2.24	3.13	1.63	1.97	2.12	1.79	2.83	3.28
Millet	0.19	0.90	1.27	0.84	0.93	0.82	0.79	0.85	1.39
Buckwheat	0.45	0.60	0.68	0.57	0.59	0.69	0.54	0.54	0.82
Rice	3.49	2.82	2.34	3.04	2.74	3.49	3.49	3.74	3.16
Peas and Pulses	1.16	1.29	1.46	1.12	1.07	1.42	1.79	1.59	1.48
Sunflowers	0.99	0.77	0.79	0.70	0.74	0.90	0.78	0.98	1.00

Soybeans	0.88	0.84	0.88	0.78	0.76	0.81	0.84	0.89	NA
Rapeseed	NA	0.64	0.62	0.63	0.65	0.66	NA	NA	NA
Sugar beets	17.8	15.8	14.8	13.4	16.9	18.8	19.9	21.9	22.7
Potato	8.8	10.5	11.1	9.7	9.7	10.4	10.9	10.3	11.6
Vegetables	13.8	14.0	14.1	13.4	14.3	14.5	15.5	15.2	16.9

Source: State Statistical Committee of the Russian Federation

Wheat

Wheat and barley remain the most important grain crops in Russia with 34 mmt and 17.9 mmt output in 2003 or 51 percent and 27 percent of the total crop respectively. Due to last year's smaller crop, which decreased 23 percent year to year, and the dominant use of common seeds, supply will not meet demand. Total demand is estimated at 6.5-7.0 mmt, while the available supply of seeds is estimated at 6.2 mmt. Imports are estimated at 45,400 tons and will not cover the gap in supply. Additionally, in many regions available seeds will be of low quality and so, no significant improvement in yields are expected in the coming year, even with normal weather. For example, in Nizhniy Novgorod oblast only forty percent of seeds currently stored on farms are considered to be "conditional" quality, the rest are of lower quality.

Several years of low crops in 1997 and 1998 resulted in hundred of thousand of tons of quality wheat and meslin imports under HS number 1001 90 91 (common wheat and meslin seeds) for food milling and/or planting as common seeds (Table 9). The wheat crop improved in CY 1999, resulting in a decrease in the quantity of imported seeds from 2.4 million metric tons in 1999 to 18,005 metric tons in 2002, including 17,965 metric tons of seeds from Kazakhstan, 21.7 metric tons from Germany, and 18.4 metric tons from Austria. In 2003 imports exceeded 45,392 tons, including 45,137 tons from Kazakhstan and 119 tons from Austria.

Barley

The barley crop is only four percent lower than last year and the supply of seeds will meet demand, which is estimated at 2.6 – 2.9 mmt. However, increasing production of beer and construction of domestic malt plants has raised the quality of malting barley seeds required and imports have been increasing. Starting in 2001, Russian companies increased imports of barley seeds from European countries, mostly malting barley seeds of higher quality (see table 3). In 2003, the majority of imports came from France, with smaller amounts from Germany, Lithuania, and Poland. Denmark, unspecified European Union origin and Austria also supplied over 150 metric tons of high quality planting seeds for the development and improvement of domestic malting barley production.

Table 3. Imports of Barley Planting Seeds, Calendar Years 2000-2003, Metric Tons

		2000	2001	2002	Jan-Nov 2003
0--The World--		1 758.7	96.7	282.1	3 131.7
1Germany		59.0	62.2	183.5	344.0
2France		39.7	0.0	93.0	2 127.5
3China		0.0	0.0	5.0	0.0
4Czech Republic		0.0	0.0	0.6	0.0
5Denmark		0.0	0.0	0.0	58.0

6	Finland	0.0	20.5	0.0	0.0
7	Austria	0.0	0.0	0.0	34.7
8	Kazakhstan	1 634.3	0.0	0.0	0.0
9	Lithuania	0.0	0.0	0.0	265.2
10	Netherlands	5.0	0.0	0.0	0.0
11	Poland	0.0	0.0	0.0	245.0
12	Ukraine	0.8	14.0	0.0	0.0
13	Unknown	20.0	0.0	0.0	0.0
14	Other European Union	0.0	0.0	0.0	57.3

Note: ranked by quantities of imports in CY 2002

Source: State Customs Committee of the Russian Federation

Rye and Oats

Domestic demand for rye and oats seeds (approximately 1 mmt each) is almost completely filled by common seeds sown on farms. A forty-two percent decrease in the production of rye in 2003 will cause a shortfall of seeds in Russia as a whole, but the situation differs from region to region. In regions where the seed supply is supported by local administrations with seed breeding stations, the shortage of common seeds may be compensated with better quality purchased seeds. Oats too are sown from saved seed, however, production of oats in 2003 was only nine percent lower and therefore no problems are expected with the supply of common seeds this year.

Corn

Corn for grain is grown only in southern Russia and the volume generally doesn't exceed two mmt. The demand for planting seeds is estimated at 250,000 metric tons, which are purchased from either local seed breeding stations or are imported. Commercial imports of seeds increased in 2001 and 2002, but sources remained static, namely the Ukraine, Hungary, and Yugoslavia. Shipments from the U.S. discontinued in 2001 with the end of humanitarian assistance, but commercial imports restarted in 2003. The main hindrance for import of U.S. seeds for grain production is price.

Table 4. Corn Seed Imports, by Type of Seeds, CY 1997-2002, Jan. – Nov. 2003, Metric Tons.

		1997	1998	1999	2000	2001	2002	Jan-Nov 2003
	100510 SEED NOT SWEET CORN	33 560	8 786	24 987	29 027	8 805	5 153	5 009
10051015	Simple hybrids	6 296	3 823	2 390	7 973	3 807	3 192	474
10051019	Other	10 765	709	988	796	1 567	819	861
10051011	Double hybrids and top cross hybrids	2 690	1 365	1 417	1 981	1 481	734	3 163
10051013	Three cross hybrids	1 622	828	4 591	2 369	1 104	214	273
10051090	Other	12 187	2 061	15 601	15 908	846	194	238

Source: State Customs Committee of the Russian Federation

Table 5. Corn Seed Imports, by Countries, CY 1997-2002, and Jan.-Nov. 2003, Metric Tons

		1997	1998	1999	2000	2001	2002	Jan-Nov 2003

0	--The World--	33 560	8 786	24 987	29 027	8 805	5 153	5 007
1	Yugoslavia	4 599	1 917	5 123	2 176	2 665	1 209	1 331
2	Ukraine	951	430	1 035	1 333	1 205	902	1 141
3	Moldova	14 681	3 467	2 287	8 480	2 398	891	387
4	Kazakhstan	837	460	1 448	3 478	1 584	858	177
5	Hungary	9 311	423	459	334	387	753	987
6	France	1 746	341	453	1 228	353	432	671
7	Romania	0	0	0	0	0	40	137
8	Other European Union	0	0	0	0	9	39	1
9	China	597	381	4	114	0	28	19
10	United States	632	2	14 164	11 646	128	1	94
11	Austria	8	90	0	0	0	1	25
12	Netherlands	2	10	0	0	0	0	0
	Other	197	1 265	13	238	75	0	39

Source: State Customs Committee of the Russian Federation

Seeds of other grains

Imports of other seeds of grains were low and are not included in Customs data. The most significant were imports of grain sorghum in CY 1999 at 12.2 metric tons, including 9.9 metric tons from France and 2.3 metric tons from European Union.

Sunflower seeds

Sunflowerseed production in 2003 increased by 32 percent to 4.9 mmt because of favorable weather, a larger sown area, and better seeds (yields were up three percent from 2002). Total demand for seeds varies from year to year depending on the area sown and according to some estimates, varied from 33,000 metric tons in 2001 to 50,000 metric tons in 2003. However, demand for higher quality seeds is growing independent of weather and area fluctuations and is too a larger extent filled with imported seeds. Improvement of seed quality is being stimulated by investments in the oil-crushing industry.

Table 6. Imports of Planting Seeds of Sunflowerseeds (HS Number 1206 00 10), Metric Tons

		CY 1997	CY 1998	CY 1999	CY 2000	CY 2001	CY 2002	Jan-Nov 2003
0	--The World--	1 949.4	1 197.7	3 040.5	1 980.5	1 081.6	2 164.1	2 466.7
1	Moldova	534.8	354.1	1 121.7	663.9	579.6	910.0	498.5
2	France	394.3	305.5	609.2	405.2	148.4	322.0	302.0
3	Hungary	101.6	136.3	217.5	31.5	42.5	230.9	58.1
4	United States	397.6	139.0	0.0	0.0	55.0	206.1	382.4
5	Turkey	52.0	0.0	0.0	104.0	0.1	172.0	566.2
6	Yugoslavia	63.5	89.9	113.0	113.0	93.2	93.3	185.2
7	Other European Union	0.0	0.0	0.0	0.0	34.9	64.1	39.0
8	Ukraine	92.8	24.2	845.4	584.2	2.5	59.0	0.0
9	Romania	0.0	0.0	0.0	0.0	0.0	54.0	96.2

10	Spain	312.3	148.2	107.5	77.5	121.5	33.6	333.2
	Other	0.5	0.4	26.2	1.2	3.8	19.2	5.9

Source: State Customs Committee of the Russian Federation

Drought in Europe in 2003 and a decrease in the exchange rate of the dollar resulted in significant changes in the structure of planting sunflower seed trade. Imports from European countries decreased, while imports from the U.S. rebounded to the pre-crises CY 1997 level – 382.4 metric tons, for the third year in a row. This was mostly U.S. companies that supply big producers of commercial sunflowerseeds with seeds in the same package as agrochemicals.

Seeds of Soybeans and Other Oilseeds

Russia produces less than 0.5 mmt of soybeans, mostly in the Far East and with local varieties of seeds. However, along with the recovery of the domestic poultry and pig industry, demand for soybean protein increased significantly in the European part of the country and in Southern Russia (Krasnodar kray and Rostov oblast), as well as in some oblasts in the Volga Valley. Soybean seed imports reached a 7-year high of 216.6 metric tons in 2003, mostly sourced from the U.S. These seeds are imported mostly by breeding institutes and by some farms in the European south, even though the majority of farmers still use domestic varieties.

Table 7. Imports of Seeds of Soybeans, by Countries, Metric Tons.

		1997	1998	1999	2000	2001	2002	Jan-Nov 03
0	--The World--	0.1	210.9	156.6	14.0		5.5	216.6
1	China	0	131.3	130.0	14.0		5.5	96.6
2	France	0	39.8	26.0	0		0	
3	Hungary	0	20.0	0	0		0	
4	Japan	0.1	0	0	0		0	
5	Switzerland	0	0	0.6	0		0	
6	Ukraine	0	5.0	0	0		0	
7	United States	0	14.8	0	0		0	120.0

Source: State Customs Committee of the Russian Federation

Other oilseeds crops are produced from domestic varieties and neither yield nor output is high. In 2000, Russia imported 1,647.4 metric tons of seeds of flax, mostly from Belgium for production of linen not oil. However, no official imports have occurred since that time. Imports of seeds discontinued along with the advertised state program on development of domestic linen production. Recently, the development of Russia's production of linen fabrics was based mostly on flax imported from European countries for processing only.

Present imports of seeds of rapeseed and colza are small and are limited to research and breeding purposes, which are not shown in the official customs data. The biggest amount of rape and colza seeds were imported in 2000 – 176 metric tons, including 100 tons from Ukraine, 29 metric tons from France and Germany, and 18 metric tons from Poland.

Vegetable seeds

Production of vegetables increased by thirteen percent after a smaller crop in 2002, mostly at the expense of production on smaller farms and private plots. Although most staple

vegetables are produced by big commercial enterprises that buy seeds from the "Semovosh" system, demand for a wider range of vegetables and seeds is increasing, along with growing imports of these seeds by private companies. Staple vegetables like carrots, onion, cabbage, and red beets are produced on commercial farms from domestic seed varieties.

After humanitarian imports of planting seeds of these crops from the U.S. in 1999-2000, imports have been decreasing. Officially reported imports of a wide range of vegetables for private plots and farm production (HS number 120991) also decreased from 1,006 metric tons in 1997 to 476 metric tons in 2002, and were only 342 metric tons from January to November 2003. However, after a sharp drop in the value of vegetable seeds shortly after the crises of 1998 (from almost 11 million USD in 1997 to less than 5 million in 1999) and the increase in imports of cheap seeds, traders are once again turning to imports of higher quality and more expensive vegetable seeds. Thus, the value of imported vegetable seeds increased from 5.7 million USD in 1999 to 7.4 million USD in 2002 and exceeded 8.4 million USD in January-November 2003. Moreover, sources claim that a significant portion of vegetable seeds may be imported by private company under different names or HS codes and therefore may not be reported in official Customs data. The Netherlands remains the main supplier of these seeds (over 116 metric tons or 40 percent of total imports in 2003), with France, Germany, Italy, Poland, and Czech Republic following. Imports of seeds of vegetables from the U.S. were about nine metric tons, an almost sixty percent decrease from 2002, but higher than in 2001.

Seeds of Horticultural Crops

Trade in seeds of horticultural crops is stable and depends on domestic demand; however, official custom data is limited and does not reflect the genuine situation. Many private companies import these seeds, like seeds of vegetables, and the market for these seeds is expanding along with the growing incomes of Russian people.

Sugar Beet Seeds

The sugar beet seed supply continues to improve along with the expansion of vertical integration in the sugar industry and the yield of sugar beets in 2003 was three percent higher than in 2002, and 28 percent higher than the 1996-2000 average. Demand for sugar beet seeds is estimated at approximately 8,500 – 9,000 metric tons and imports are increasing. During January-November 2003, imports reached 855 metric tons, including 262 tons from Germany, 158 tons from Belgium, 152 tons from Denmark, and 113 tons from France. Other seeds were imported from Kyrgyzstan, Switzerland, Yugoslavia, the unspecified European Union origin, and Lithuania. There were no imports from the U.S. although in 2002, Russian companies imported over six metric tons of sugar beet seeds (presumably for breeding purposes).

Table 8. Imports of sugar beet seeds, Calendar Years, Metric Tons

	1997	1998	1999	2000	2001	2002	Jan-Nov 2003
--The World--	1 054	391	320	372	430	528	855
Germany	374	37	59	35	113	128	262
Belgium	18	38	38	54	32	111	158
Denmark	54	31	24	26	65	116	152
France	125	64	71	18	96	102	113

Kyrgyzstan	218	140	97	25	15	39	77
Switzerland						4	47
Yugoslavia	1	1	0	0	5	22	29
European Union	0	0	0	0	8	0	16
Lithuania	0	0	5	0	0	0	15
Other	264	80	25	215	96	6	0

Source: State Customs Committee of the Russian Federation

Seed Potatoes

Potato production is fairly stable on a year-to-year basis, but since the middle of the 1990s the majority of the supply is produced privately on small plots. Commercial production decreased to less than fifteen percent of the total. Losses while harvesting and storing decreased and so did the share of potatoes used as seeds in consumption. However, according to experts, quality seed potatoes are not used in private production. Instead common seeds left over from previous crops are used and thus quality and resistance to weeds, diseases, and pests deteriorates. The volume of imported seed potatoes decreased to a seven-year minimum – 6,230 metric tons with the Netherlands remaining the major supplier.

Table 9. Imports of Seeds of Potato, CYs, Metric Tons, by Countries

	CY 1997	CY 1998	CY 1999	CY 2000	CY 2001	CY 2002	Jan-Nov 2003
--The World--	7 009	11 056	27 193	121 813	17 268	6 274	9 997
Netherlands	3 781	9 100	19 675	89 060	3 493	3 141	5 499
Germany	550	393	86	1 046	2 045	1 295	2 600
United Kingdom	1 062	754	316	183	9	680	316
Finland	273	507	58	761	660	532	910
Poland	127	0	6 815	29 147	60	530	355
Sweden	0	0	16	0	9	55	55
Austria	0	62	0	0	0	0	60
Denmark	0	60	10	0	0	0	40
China	342	0	22	53	113	0	34
Azerbaijan	4	0	0	0	0	41	0
Other	870	178	196	1 563	10 880	0	129

Source: State Customs Committee of the Russian Federation

Fodder Grass Seeds

Demand for fodder grass seeds is growing fueled expanding production of milk. In many regions, fodder grasses are widely used in cattle feeding rations for two reasons: shortage of feed grains and traditional crop rotation practices. Imports increased from 5.1 million USD in 2001 to 7.4 million USD in 2003 and the quantity of imported seeds increased from 821 metric tons in 1997 to 2,828 metric tons in January through November 2003. Commercial imports were only ten percent less than the maximum humanitarian imports of planting seeds from the U.S. in 2000. Planting seeds of fodder grasses are imported mostly from Germany, Netherlands, Denmark, Canada, and the Czech Republic.

Trade

Table 10 shows the structure and dynamics of seeds imports in 1997 – 2003. With the exception of grains, potato, onion, pea, and other vegetables seed imports were growing during the course of the last three years and many types of seeds were higher than in 1997.

Table 10 Imports of Planting Seeds, CYs, Metric Tons

		1997	1998	1999	2000	2001	2002	Jan-Nov 2003
07011000	Potato, for sowing	7 009	11 056	27 193	121 813	17 268	6 274	0
07131010	Peas, for sowing	264	403	1 843	1 696	338	244	224
07031011	Onion, Sets	0	0	0	4 289	2 753	4 726	0
07133310	Beans, for sowing	12	12	14	668	177	11	9
	Subtotal	7 285	11 470	29 050	128 466	20 537	11 256	233
10019091	Wheat and meslin seed	696 045	421 008	2 365 989	1 577 471	218 803	18 005	45 392
10030010	Barley, for sowing	1 531	10 629	259	1 759	97	282	3 132
100510	Corn for sowing, not sweet corn	33 560	8 786	24 987	29 027	8 805	5 153	5 009
10061010	Rice, for sowing	0	0	0	0	0	0	0
10070010	Sorghum, hybrids for sowing	0	0	12	1	10	12	7
	Subtotal	731 136	440 423	2 391 247	1 608 258	227 714	23 453	53 540
12010010	Soybeans, for sowing	0	211	157	14	0	6	217
12021010	Peanuts, for sowing	0	0	0	0	0	0	0
12040010	Flax, for sowing	NA	NA	NA	1 647	0	0	17
12050010	Rape or colza seeds, for sowing	27	134	128	176	52	14	0
12060010	Sunflowerseeds, for sowing	1 949	1 198	3 040	1 980	1 082	2 164	2 467
	Subtotal	1 977	1 542	3 325	3 818	1 134	2 184	2 701
1209	Seed, fruits and spores, for sowing	3 468	2995	2 075	4 500	2 861	3 974	4 264
	including:							
120910	Sugar beet seed, for sowing	1 054	391	320	372	430	528	855
120921	Alfalfa, lucerne, seed	125	281	27	2 171	146	161	0
120922	Clover seed	65	79	33	53	113	118	108
120923	Fescue seed	129	160	72	111	148	159	305
120924	Kentucky blue grass	68	99	35	55	71	155	171
120925	Rye grass seed	64	73	114	167	296	236	95
120926	Timothy grass seed	8	2	2	4	9	2	1
120929	Seeds of other grass plants	362	532	423	596	1 396	1 859	2 148
	Total fodder grasses	821	1226	706	3157	2179	2690	2828
120930	Herbaceous plants, seeds	29	48	56	21	31	44	39
	Vegetable seeds, except red beet and peas							
120991		1 006	884	668	976	443	476	342
120999	Seeds of other Herbaceous plants and forest trees 1209	238	292	110	345	209	235	200

Source: State Customs Committee of the Russian Federation

According to officially available State Customs Committee data, imports of grain seeds constitute the major portion of planting seeds imports in 1997-2001, primarily at the expense of wheat and meslin common seed imports. However, import volumes of common wheat seeds decreased and so the share of grain seeds in total imports will also decrease. Post forecasts that Russia will slightly increase imports of corn and barley seeds (malting varieties), while imports of common seeds of wheat will be low.

Tariffs

Table 11 provides information on current import tariffs for planting seeds. There have been no changes over the last year. Trade in seeds within the members of the Customs Union (Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan) remains duty free.

Table 11. Import Tariffs for Planting Seeds

HS number		Import
07011000	Potato, for sowing	5%
07131010	Peas, for sowing	15%
07031011	Onion, Sets	15%
07133310	Beans, for sowing	15%
10019091	Wheat and meslin seed	5%
10030010	Barley, for sowing	5%
100510	Corn for sowing, not sweet corn	5%
10061010	Rice, for sowing	10%, not less than 0.03 EUR per 1 kg
10070010	Sorghum, hybrids for sowing	5%
12010010	Soybeans, for sowing	5%
12021010	Peanuts, for sowing	5%
12040010	Flax, for sowing	5%
12050010	Rape or colza seeds, for sowing	5%
12060010	Sunflowerseeds, for sowing	5%
1209	Seed, fruits and spores, for sowing	5%

Source: State Customs Committee of the Russian Federation

Policy

No changes happened in the legal framework of seed breeding, seeds certification, or seed trade practices. The Law on technical regulations adopted at the end of 2002 was aimed at facilitating licensing and certification procedures in all spheres of the economy. However, despite Russia's intent to improve the legal framework for certification and standardization of all products, including seeds, nothing has changed in the seeds business and trade.

Local grain seeds subsidies

Planting grain seed supply is supported by subsidies both from oblast and federal budgets. Oblast support differs from region to region and depends on the presence of breeding stations and institutes in the particular oblast and relationship between the oblast administrations and the seed-breeding units. For example, the Ministry of Agriculture of Nizhny Novgorod oblast announced in December 2003 an open tender for purchase of four metric tons of elite seeds under a special oblast loan (at zero interest rate) under guarantees

of regional administration. The seeds are supposed to be purchased from specialized seeds farms at 5-6 rubles (\$0.21) per kilogram. Seed farms are usually united around the oblast's academy of agricultural sciences. The quality seed supply is subsidized in Nizhniy Novgorod in two ways: first, the oblast provides a 1000 ruble (\$35.1) per one metric ton subsidy from the budget to the producers of elite seeds and second, the farms which purchase elite seeds from specialized producers (elite-farms) are given a 700 rubles (\$24.6) per one metric ton subsidy from the federal budget for procurement of seeds from these specialized farms.